Service Date: December 22, 1994

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER OF MONTANA POWER COMPANY, Consolidated Applications Pertaining to Unreflected Gas Cost, Gas Cost Tracking, Gas Transportation Adjustment Clause, and 3rd Increment Rates under the Gas Transportation Plan.	)	UTILITY DIVISION DOCKET NO. 93.11.54 FINAL ORDER NO. 5761c

FINAL ORDER

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APPEARANCES

FOR THE APPLICANT, MONTANA POWER COMPANY:

Marjorie Thomas, Attorney, Montana Power Company, 40 East Broadway, Butte, Montana 59701

FOR THE INTERVENORS:

Marie G. Owens, pro se, Paladin Associates, 9 North Excelsior, Butte, Montana 59701

Robert A. Nelson, Montana Consumer Counsel, 34 West Sixth Avenue, Helena, Montana 59620

John C. Allen, Attorney, Great Falls Gas Company, P.O. Box 2229, Great Falls, Montana 59403

FOR THE COMMISSION:

Martin Jacobson, Staff Attorney, Dan Elliot, Administrator, Utility Division, Public Service Commission, 1701 Prospect Avenue, Helena, Montana 59620

BEFORE:

BOB ANDERSON, Chairman
BOB ROWE, Vice Chairman
DAVE FISHER, Commissioner
NANCY McCAFFREE, Commissioner
DANNY OBERG, Commissioner

INTRODUCTION

1. This matter, Docket No. 93.11.54, consolidates two Montana Power Company (MPC) applications before the Public Service Commission (Commission or PSC). Both pertain to natural gas service by MPC to Montana consumers.

2. One application is MPC's July 26, 1993, request for approval of the third and last of MPC's "transition years" required by MPC's gas transportation plan approved in Docket No. 90.1.1. As of November 1, 1994, the third transition year has

ended. The other is MPC's November 8, 1993, annual tracker, which includes a request for approval of amortization of MPC's unreflected gas cost account balance ending August 31, 1993, balances for expiring unit rates, projected gas cost tracking from September 1, 1993, to August 31, 1994, and amortization of the gas transportation adjustment clause (GTAC) balance ending August 1, 1993. As of November 7, 1994, MPC has filed its annual tracker for the next period.

3. On August 27, 1993, by Notice of Commission Action, the PSC approved MPC's third transition year filing on an interim basis. The approval was for the full extent of MPC's request, a 3.91 percent increase to residential and small business customers (MPC's "core" customers). On November 24, 1993, by Interim Order, the PSC approved MPC's tracker, but increased MPC's requested $2.57 million reduction to a $3.49 million reduction. The increase to the reduction applies primarily to MPC's projected gas cost revenue.

4. In the consolidated dockets, intervention was filed by Great Falls Gas Company (GFG), the Montana Consumer Counsel (Consumer Counsel), Paladin Associates (PA or Paladin), and the Montana Department of Natural Resources and Conservation (DNRC).

Other than filing intervention, DNRC did not participate in prehearing, hearing, or post hearing matters.

5. The hearing before the PSC was held on July 12 and 13, 1994. The parties have since submitted their concurrent initial briefs and concurrent response briefs.

FINDINGS OF FACT AND DISCUSSION

6. All introductory statements which can properly be considered findings of fact and which should be considered as such to preserve the integrity of this Order are incorporated herein as findings of fact.

MPC's Sales Subscription Service

7. MPC's gas transportation plan (PSC Docket No. 90.1.1) included a "sales subscription service," essentially a rebundled service for noncore customers not wanting to obtain their own gas supplies. By the time of MPC's third transition year filing (the present docket) the sales subscription service had no subscribers.

8. Because of its potential effect of reducing the fixed cost burden on core customers, the PSC requested that MPC generally address a means through which customers might be attracted to the service or a similar service. In response, MPC asserted

that the redesign of the sales subscription service rate offering would be better addressed in MPC's "upcoming" gas COS/RD filing.

9. The PSC believes that the matter is worth pursuing. However, at present, the PSC has no opinion on whether a sales subscription service or a like service could be made attractive to customers. The PSC requests that MPC develop this issue in its next gas COS/RD filing.

GFG's Claim to MPC's Overcollection

10. This issue was raised by GFG and contested by MPC and the Consumer Counsel. It is the only issue that the Consumer Counsel has argued in this docket. For MPC's September 1, 1992, to August 31, 1993, "gas cost tracking" period, MPC's balance showed an overcollection of about $1.86 million. During this period, which coincides with the second transition year of MPC's gas transportation plan, GFG was still a sales customer for one-third of its firm annual load. For the third transition year GFG was not a MPC sales customer to any degree.

11. MPC's tracker contemplates that accrued undercollections and overcollections will be "settled" on a prospective basis -- rates in the following period going up or down to achieve the appropriate balance. The tracker contemplates that

sales, having generated (or incurred) the balance, will receive the benefit of it (or carry the burden of it).

12. GFG happened to "migrate" from sales to transportation at a time when MPC's balance was an overcollection. GFG now contends that, having contributed to the overcollection, it should be credited to the extent of its contribution (estimates of the actual amount of this contribution vary from $0 to $52,000 to $115,000). Whatever the amount, GFG's argument for being credited is based on equity -- no legal authority is cited or referenced by GFG in support of its proposal.

13. The Consumer Counsel argues that the PSC should be reluctant to accept GFG's position. It argues that gas costs have not traditionally been refunded on a consumer-specific basis and GFG, in stipulating to MPC's gas transportation plan, should have been aware of the traditional gas cost tracking procedures and the possibility that there would be an overcollection at the time of GFG's conversion from sales.

14. MPC also argues against GFG's proposal. It argues that the purpose of the tracker is not to pay back to, or collect from, any particular customer, but to simply adjust the next period's total gas supply rate. It argues that there is no valid reason to treat GFG differently than any other customer. It also

argues that it would be retroactive ratemaking to order a refund to GFG. It argues that the realistic "equity and fairness" is that GFG played an active role in advocating MPC's gas transportation plan and paid the rate in effect at the time under that plan.

15. The PSC accepts the arguments of Consumer Counsel and MPC. Contrary to GFG's sole argument, equity does not demand a grant of GFG's claim. The way in which MPC's tracker is administered, including that it is consistent with traditional unreflected gas cost account policies, should have been known by GFG. GFG fully participated in reaching an agreement acceptable to GFG on MPC's gas transportation plan and, for the most part, obtained what it set out to obtain. It seems unlikely that GFG did anything but knowingly accept the potential risk (or reward) that might be associated with an overcollection (or undercollection) in MPC's unreflected account at the time that GFG would convert from sales, a time known with certainty to GFG at the time the plan was agreed to.

Paladin's Standing

16. From the time of Paladin's intervention MPC has challenged Paladin's standing. On this point, initial rulings of the

PSC reserved a final determination for the Final Order, preserving full rights in Paladin in the interim, subject to arguments by the parties in light of how issues developed in the case, and noting that eventual dismissal was one possibility among others, such as a reserved issue proceeding or a re-quirement that Paladin commence a complaint or other appropriate proceeding to properly get its concerns before the PSC.

17. MPC argues that Paladin has no direct, substantial, and legally protectible interest at stake, as Paladin's interests are off-system and not affected by the present proceedings. Paladin argues that the present proceedings affect MPC's total system throughput, which affects off-system customers, of which Paladin is one.

18. The PSC finds that the present proceedings directly affect MPC customers who purchase MPC system gas, which Paladin does not do. However, the PSC agrees with Paladin that the present proceedings have a direct affect on all MPC's natural gas system customers, including off-system customers, including through total system throughput. The Commission finds that Paladin, as an off-system customer, has a sufficient legally protectible interest at stake in this way.

Paladin's Inability to "Quantify" its Case

19. Paladin did not (or could not) respond to a PSC data request on how its claims and assertions would ultimately quantify into rates. This, in and of itself, is not an issue. It simply is a situation. If the PSC finds for Paladin on issues that affect rates, the PSC will have to decide how it can implement such decision if quantification is necessary but not available.

20. However, from Paladin's inability, MPC draws the conclusion that Paladin's evidence (the "unquantifying" type) relating to rates should not be admitted, particularly Paladin's evidence relating to gas costs. This is a legal issue.

21. The PSC finds that MPC's argument has no basis. The fact that a party might not be able to quantify something in this regulatory setting might hinder the PSC's ability to adjust rates, but it does not necessarily preclude that party from submitting evidence on the point, as the PSC, as a regulator, may have other valid options available to properly deal with the matters.

MPC's Peak Day Gas Sales and Supplies

22. This issue (peak day gas sales and supplies) is the most significant issue of dispute between MPC and PA. Appendix A shows the differences between MPC and PA on this issue. If the Commission were to adopt for this tracker the peak day positions of PA, an annual reduction in rates of about $1,751,000 would result. If severe peak day conditions were to occur during the estimated tracking period, the effect would be higher. However, the impact neither would be known nor added to rates until the tracker of the subsequent year.

23. If there could be a somewhat simplified, shorthand way of encapsulating these differences between MPC and PA, it would center around MPC's "Market Reserve" of 25,000 Mcf/day requirement shown on Appendix A, line 4. This reserve is procured by MPC via three Canadian supply contracts, which are imported at the Carway border station: (a) an Onsystem Peak Purchase contract of 4,500 Mcf/day; (b) a Peak Backstopping contract of 18,000 Mcf/day; and (c) a Carway Winter contract of 5,000 Mcf/day. For a variety of reasons, PA suggests that MPC's market reserve and the three contracts are not necessary.

24. Reasons which pertain to sales (market) conditions include:

a. MPC's projected peak day firm core market of 187,498 Mcf/day includes a coincidental peak day reserve contingency of 2.5%, or 4,500 Mcf/day, which may be used as a reserve, according to PA. MPC says that it would be improper to use this reserve contingency as a peaking contingency supply source; although city gate peak requirements most often occur noncoincidentally on the MPC system, at some time they may occur coincidentally.

b. MPC's peak day market of 187,498 has been adjusted upward to compensate for sales growth since 1991 of 11,449 Mcf/day, which may be used as a reserve, according to PA. MPC says that these volumes are actual loads, which, by definition, can not be used as a peak reserve contingency.

c. MPC has eliminated with sophisticated monitoring equipment the risk of interruptible noncore customer usage on critical peak days, according to PA. MPC says that the loss of line pack pressure during severe peak periods remains as a very real risk because core customer usages are not constantly measured with sophisticated monitoring equipment.

25. PA suggests that these three sales related conditions effectively create a reserve of about 16,000 Mcf/day.

26. Reasons which pertain to supply conditions include:

a. PA says that the Canadian "Aden" source of supply will produce 15,000 Mcf/day more than MPC specifies. PA says that 2,200 of the 15,000 would come from MPC's affiliate Roan, if MPC enforced its contract with Roan. MPC says that PA relies improperly on rule of thumb engineering, historic data and FERC data to support its contention that Aden will deliver additional volumes of 15,000 Mcf/day; MPC uses the actual 1993 takes from Aden, reduced by the reinjection volumes of about 2,000 Mcf/day. MPC says that Roan, like two other non affiliated producers, has a legally defensible right to reinject this gas rather than sell it to MPC. MPC says that supplies used to replace the reinjected volumes have reduced the cost of gas to consumers.

b. According to PA, MPC's U&UAF may be reduced by 760 Mcf/day if the usage of NARCO, an MPC affiliate, is curtailed at the Cobb Storage field. MPC says that the offset to this adjustment would be a need to procure an alternative peak gas source of 7,000 Mcf/day.

c. PA says that the deliverability from the Dry Creek storage field, when coupled with the bi-directional capabilities of the Livingston compressor, are 10,000 Mcf/day higher than is suggested by MPC. To be conservative PA uses 5,000/Mcf day. MPC says that the hydraulics of its system will not allow the PA adjustment of 10,000 Mcf/day. Additionally, even though the conservative PA adjustment of 5,000 Mcf/day was achieved during the Big Chill of 1989, MPC says that it would be imprudent for it to plan on operating its system in such a way. Further, it says that the bi-directional capabilities of the Livingston compressor do not change this fact, and that PA did not perform an engineering study to substantiate its claim.

27. PA suggests that these three supply related conditions effectively create a reserve of about 20,000 Mcf/day.

28. The three sales (market) related conditions of about 16,000 Mcf/day, when added to the three supply related conditions of about 20,000 Mcf/day create a 36,000 Mcf/day reserve, according to PA. PA suggests that MPC has more than enough flexibility in its gas system to meet all extreme peak day core customer sales requirements; therefore, MPC does not need the "Market Reserve" of 25,000 Mcf/day, nor the three Carway contracts that underpin the reserve.

29. There is a body of evidence in this case that suggests that the Commission could disallow some of the $1,751,000 expense of MPC's peak gas supply. For example, the 5,000 Mcf/day Carway Winter contract, and its $945,000 expense could be removed by reason of the fact that there is included in MPC's peak day

forecast a 4,500 Mcf/day contingency to cover a simultaneous peak on MPC's system. This has not occurred in 20 years. If such a peak were to occur, the Onsystem Peak Purchase contract of 4,500 Mcf/day and the Backstopping Contract of 18,000 Mcf/day would be available. Additionally, there is even some degree of doubt as to whether all of each of these two contract volumes are vital, given the greater potential of the Aden supply source as fore-casted in 1991.

30. Another body of evidence suggests that MPC has been reasonable and innovative in the way in which it has structured the three Carway contracts. Ms. Schellin explains in her rebut-tal testimony:

> The Commission acknowledged the need for the Company's gas supply purchase in Interim Order No. 5454 on January 29, 1990. The Commission said: `A new source of gas supply has been purchased by MPC to assure customers of greater reliability during winter periods. The source is referred to as Carway (900,000 MCF), and it costs $1.95/MCF at 14.9 p.s.i.a. If system requirements of 230.3 MMCF/day again arose, the Carway gas would provide an extra deliverability cushion of 10 MMCF/day, or 4.3%. The above mentioned deliverability cushion seems reasonable....' In this Order, the Commission approved a cost of almost $1.8 Million for a 10 MMCFD peak reliability gas supply. The Company's application in this Docket (93.11.54) requests a gas cost which covers a 25 MMCFD gas supply cushion for approximately the same amount of money.

31. MPC's implied point is that it has negotiated the 25,000 Mcf/day peak contracts in such a way that some contract payments are required only after gas is received during a critical peak period, while others are payable on an annual basis regardless of whether gas is taken. The reasonable, and unanswered question of PA is: Are all of the 25,000 Mcf/day volumes actually needed?

32. Clearly, PA's question was answered by the Commission in the 1990 order to the extent that it included a reserve margin of 4.3 percent and expenses of about $1,800,000. However, MPC's reserve margin request is about 14 percent in this docket. MPC's saving grace, to reiterate, is that some of the costs of the new higher reserve margin will not be paid until volumes actually are called for and received by it during a critical peak period.

33. The Commission finds that MPC should be allowed to recover in the current gas cost tracker the $1,751,000 bare bones expense associated with the three peak contracts. However, because the PA question remains partially unanswered, the Commission will require that MPC prove as "least cost" all potential and additional costs associated with these contracts and similar supplies before any rate treatment is allowed. A constructive

way for it to do this would be for it to hire a consultant chosen by the Commission. Although this could be done in a second phase of the proceeding of this docket, an alternative would be for the Commission to consider such costs in future cases. The Commission finds the latter approach to be preferable in this instance.

NARCO (MPC Affiliate Transactions)

34. Paladin questions whether MPC should be allowed to continue subsidizing North American Resources Company's (NARCO) Cobb Storage Field oil production and whether NARCO should be allowed to continue to receive a portion of the natural gas liquid revenues derived from the Cut Bank NGL plant.

35. This issue involves affiliated transactions between MPC and its subsidiary, NARCO. During the 1980's, MPC apparently transferred to NARCO its interests in oil producing properties, which are on the periphery of MPC's Cobb storage field. The oil produced by NARCO at this location has both natural gas associated with it, as well as other hydrocarbon elements, or "liquids." The liquids are stripped from the oil and gas at a processing plant near the Cobb field and sold. About 30 percent of the revenue is credited to NARCO and 70 percent is credited to MPC. The associated gas is compressed, and injected (or reinjected)

into the Cobb field. Naturally, NARCO attempts to maximize its production of oil.

36. PA asserts that NARCO's corporate objective of maximizing oil production is not consistent with the objective of MPC's gas utility. It says that the gas used to run the compressors to inject (or reinject) gas at the Cobb storage field is a frivolous and unnecessary expense for the gas utility; if NARCO were not pumping so much oil and associated gas, the storage volumes at Cobb would be stable and the compressor expenses and gas would be minimized. PA suggests that NARCO's impact on the peak day requirements of MPC's gas utility is to increase the use and unaccounted for gas factor (U&UAF) by 760 Mcf/day, which translates directly into the need for an equal amount of peak day gas supplies.

37. MPC responds directly and simply to the arguments of PA. It says that were it not for the NARCO operations, it would need to acquire an additional peak supply of 7,000 MCF/day. Neither it nor Paladin quantified completely the costs of this additional need versus the costs to MPC's gas utility of NARCO's operations.

38. Another unresolved point of contention between PA and MPC is PA's contention that it is not proper to credit to NARCO

30 percent of the liquids related revenue because only oil rights were transferred originally from MPC to NARCO. Therefore, all liquids related revenue should be credited to MPC's gas utility. MPC contends that the event which creates the liquids is oil production; accordingly, NARCO, like any other oil producer, is entitled to a percentage of the liquids revenues.

39. The PSC staff, in written discovery in MPC Docket 94.8.30, submitted a data request to MPC that is related to this issue. It is at Appendix B to this order. Apparently, the conflict of interest between MPC and NARCO was eliminated in July 1994, because NARCO transferred to MPC its Cobb area oil properties.

40. The Commission finds that the record is incomplete for both areas of contention between MPC and PA. A comparative cost study should have been done on the first point; to be compared would be the costs that MPC incurred as a result of NARCO oil production versus the cost of a 7,000 Mcf/day peaking supply, if in fact it is needed when all of the factors of the issue on peak day sales and supplies are considered. The second point, whether NARCO is entitled to liquids revenues, needs further development on the legal issue of whether the rights to oil production gave NARCO the rights to liquids that attach to the production. This

would be a contract issue, with no contract in evidence or related arguments before the PSC at this time.

41. Because of the incomplete record on this issue, and due to the fact that non-record information from Docket 94.8.30 is very relevant to this issue, the Commission directs MPC to readdress this issue in its 1994 tracker filing. Included should be studies of the type described above. Testimony is to be filed within 30 days of the service date of this order.

Gas Used and Unaccounted For (U&UAF)

42. Paladin questions whether MPC should be allowed to report U&UAF in the manner in which it has been reported in the past or should be held accountable for a more reasonable U&UAF amount, albeit at a substantially lower level. MPC asserts that its U&UAF volumes are reasonable and accurate.

43. According to PA, the U&UAF of MPC is unreasonable either because it is not metered or because it is higher than other pipelines:

a. PA says that MPC should be required to meter, or at least estimate for all of its major activities, its U&UAF. In this case, PA requests that this be done for the Butte headquarters, the Telstad plant and the Utopia plant. This would allow the usage to be functionalized for allocation purposes. Also, the financial performance of these activities could be measured more accurately. MPC does not contest these items directly in its rebuttal testimony; rather it says that Ms. Schellin's interpretation of an industry manual entitled "The Sources and Magnitude of Unaccounted-For Gas" demonstrates that PA is alone in its belief that UAF volumes do not exist. MPC says that it accurately measures the usage of its facilities. In its supplemental testimony, MPC successfully rebuts at length each of the assertions of PA.

b. PA says that MPC's transmission U&UAF estimate of 3.44% is much higher than that of long haul pipelines, which can be as low as .25%. MPC says that the 3.44% is very close to its 1993 actual loss of 3.36%. It says that its system is very different from a long haul pipeline because of its many branches and gathering systems.

c. MPC says in its supplemental testimony that PA does not contest the total MPC system U&UAF numbers. MPC asserts that PA simply wants to shift U&UAF away from transmission activities for cost allocation purposes so as to benefit transmission level customers. By definition, this would penalize core customers. In its brief, PA suggests that MPC should be allowed UAF percentages of 0 for gathering and .25 for transmission; it also suggests 2.6% for transmission U&UAF.

44. The Commission finds that the supplemental rebuttal testimony of MPC answers sufficiently many of the questions and assertions of PA on this issue. The most relevant PA U&UAF number is the 2.6 percent, which is the estimated U&UAF number for the 1993/94 tracking year. MPC uses 3.44 percent, which is the historical percentage for the 1992/93 tracking period.

45. However, the last question and answer in Ms. Schellin's supplemental rebuttal testimony suggests a middle ground "report filing" option on this issue:

> Do you have any other comments you would like to make about the U&UAF issue?
>
> Yes. There is nothing secretive about MPC's measurement records: MPC is pleased to provide the detailed listing of volumes used in the operation of its system and to further investigate any areas of concern related to those volumes in an appropriate proceeding. MPC's motivation throughout this Docket has been to prevent the Docket from becoming embroiled in issues concerning allocations of costs which have no bearing on the gas cost, the subject of this Docket.

46. The Commission directs MPC to file with each of its trackers a report of what it has done to control system-wide U&UAF. The report for the 1994 tracker is to be filed within 30

days of the service date of this order. Over time MPC and the Commission should expect U&UAF percentages to decrease, especially for core customers. MPC is required to include with its gas cost trackers and general cases, the costs and benefits of achieving incremental savings in this area.

GTAC Balance and Penalties

47. Paladin questions whether MPC should be allowed to waive tariff provisions (particularly off-system balancing penalty tolerances and rates) or whether MPC shareholders should be required to pay for tariff waivers (including for the unauthorized use by MPC of system supply). Paladin asserts that the GTAC balance of $2,387,401 is understated by the balancing penalties which should have been imposed and were not. MPC asserts that its off-system transportation has been prudently administered.

48. The only legal point of contention is that MPC disagrees that the balancing penalty rates for off-system customers are within the PSC's jurisdiction, as such are governed by FERC tariff. The PSC is of the opinion that FERC does have the ultimate say over matters concerning FERC tariffs. However, the PSC can investigate matters and reach initial determinations

of its own on whether FERC tariffs have or have not been followed, just like state courts can initially determine questions on application of federal law.

49. On the merits of the issue, PA says that the tariff provisions are meant to discourage shippers who sell primarily off-system, from using supplies that have been purchased to serve core customers. MPC rebuts PA as follows:

a. MPC has vigorously pursued transportation revenues to the benefit of core and noncore customers;

b. MPC has not and would not agree to cover a shipper if MPC's system were under stress and sufficient volumes were not available to do so;

c. All offsystem rates to date have included storage costs; therefore at least some of the compensation for the use of storage supplies to cover out of balance shippers comes from the offsystem classes of customers;

d. There were not any situations during the tracking period of 1993-94 in which NOVA curtailed its interruptible deliveries, which in previous tracking periods caused MPC to cover out of balance shippers; none are expected to occur in the future; and,

e. Much GTAC revenue would be lost, which would not be offset, either in the short term or the long term, by collection of balancing penalty revenues.

50. PA suggests that MPC's affiliate NARCO was substantially benefited by MPC waivers. MPC does not directly address this question; rather it implies that it cannot selectively allow some customers and not others, to be out of balance.

51. PA suggests that by waiving these provisions, MPC directly violates and jeopardizes its Hinshaw pipeline status. MPC does not directly address this question; rather it says that PA is raising some of these issues at the MT PSC because FERC did not act as PA requested.

52. MPC witness Wisner specified in response to staff cross-examination that MPC was within its rights to waive tariff provisions:

> Mr. Wisner, in making shippers whole, Montana Power Company's actions to make shippers whole, in your opinion was that in compliance with law, with your tariff?
>
> It was in compliance with the tariff, yes.

53. For the Commission to find that MPC improperly waived its tariff provisions for the purposes of Montana jurisdiction,

it would need to conclude that MPC was using core customer supplies without proper remuneration. This fact is not certain, given the GTAC revenue that has been credited to core customers and the allocation of storage costs to the transportation classes of customers.

54. Accordingly, the Commission assumes that MPC did not violate Montana law in its past actions. However, the PSC could require MPC to remove the waiver provisions from its tariff. This approach would eliminate a certain amount of MPC's flexibility to operate its system, which may not produce desirable results for the reasons stated by MPC.

55. As an alternative, the Commission directs MPC to report fully in each tracker filing each and every instance of waiver, the circumstances, the probabilities that such circumstances will reoccur and the parties to which waivers were granted, particularly if one of the parties is an MPC affiliate. The report for the 1994 tracker is to be filed within 30 days of the service date of this Order. It goes without saying that MPC, now in its fourth year of open access transportation, should have the vast preponderance of the bugs worked out of its open access operating processes, thereby eliminating most, if not all, instances of tariff waiver.

CONCLUSIONS OF LAW

1. All findings of fact which can properly be considered as conclusions of law and which should be considered as such to preserve the integrity of this Order are incorporated herein as conclusions of law.

2. MPC is a public utility, sec. 69-3-101, MCA, providing natural gas services to consumers in Montana. Pursuant to Title 69, ch. 3, MCA, the PSC properly exercises jurisdiction over matters pertaining to changes in MPC's rates for natural gas services to consumers in Montana.

3. MPC's applications which are the subject of this docket, were properly noticed, heard, argued, and decided in accordance to applicable procedural requirements within Title 69, MCA (public utilities and carriers), ARM Title 38, ch. 2 (PSC procedural rules), and Title 2, ch. 4, MCA (MAPA).

ORDER

1. All conclusions of law which can properly be considered an order and which should be considered as such to preserve the integrity of this Order are incorporated herein as orders.

2. MPC's July 26, 1993, request for approval of the third and last of MPC's "transition years" and MPC's November 8, 1993, request for approval of MPC's unreflected gas cost account balance, balances for expiring unit rates, projected gas cost tracking, and amortization of the gas transportation adjustment clause are approved as modified by Interim Order 5761, and subject to the conditions and qualifications described above.

Done and dated this 21st day of December, 1994, by a 5 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

BOB ANDERSON, Chairman

BOB ROWE, Vice Chairman

DAVE FISHER, Commissioner

NANCY McCAFFREE, Commissioner

DANNY OBERG, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. <u>See</u> 38.2.4806, ARM.